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Approved by:

William Westman
AGBEIJING

Prepared by:

Darren Chandlee, AgBeijing Staff

Report Highlights:

This report provides a news synopsis of trade policy and agriculture/commodities in China. News includes: 1) China Closer to Filing WTO Case Against U.S. on Poultry 2) CIQ Shanghai Discusses Implications of China's New Food Safety Law 3) Shanghai's Economic Growth Slows to Single Digits 4) Double Digit GDP Growth in Chengdu 5) Sichuan to Issue U.S. \$2.65 billion in Local Debt 6) Guangdong Province Plans to Build New Large Scale Hog Farms

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Beijing [CH1]
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China Closer to Filing WTO Case Against U.S. on Poultry: On March 11, Ministry of Commerce notified Embassy Beijing that China reserves the right to file a WTO dispute settlement case and take further measures against the United States for legislation included in Section 727 of the 2009 Omnibus Appropriations Act (H.R. 1105) and related language. The legislation continues a prohibition on the U.S. Department of Agriculture from rulemaking that would allow imports of cooked chicken from China. China poultry industry officials claim the measure is unfair and protectionist. (Source: China Ministry of Commerce, 03/11/09)

CIQ Shanghai Discusses Implications of China's New Food Safety Law: The Shanghai China Inspection Quarantine (CIQ) office has informed ATO/Shanghai that in response to the promulgation of China's Food Safety Law, all CIQ offices across China will reinforce their inspections of imported food shipments to China. No specific product category or additional inspection regimes were mentioned. This may be a sign that CIQs will be less flexible in the near future with noncompliant shipments such as those with documentation errors or quality certificate mistakes. Errors on U.S. poultry export shipment documents have been an irritant in the last few months. (Source: ATO/Shanghai and local press, 03/07/09)

Shanghai's Economic Growth Slows to Single Digits: For the first time in over a decade, Shanghai Municipal Statistics Authority reports that the city's GDP expanded 9.7 percent year-on-year in real terms during 2008, hitting U.S. \$198.83 billion (RMB 1.36 trillion). This is the first time since 1992 that the city has reported a GDP growth rate under 10 percent and marks a sharp deceleration from the 13.3 percent increase recorded in 2007. Nevertheless, growth in the region could rebound faster than many other Chinese regions as the predominantly state-owned industrial sector of the city stands to be the first to gain from the recently announced fiscal stimulus programs. (Source: Shanghai Municipal Statistics Authority, 03/07/09)

Double Digit GDP Growth in Chengdu: According to Chengdu Municipal Statistics Bureau, the municipal GDP increased by 12.1 percent to U.S. \$57.4 billion (RMB 392.62 billion) in 2008. This marks the 18th consecutive year that Chengdu posted double digit GDP growth. Per capita GDP increased 9.6 percent to a record U.S. \$4,412 (RMB 30,178.08). (Source: ATO/Chengdu and local press, 03/09/09)

Sichuan to Issue U.S. \$2.65 billion in Local Debt: Sichuan provincial authority announced on March 9, that the province had received U.S. \$2.65 billion (RMB 18 billion) of local debt quota, nine percent of China's total planned U.S. \$29.42 billion (RMB 200 billion) municipal bond issue for this year. China's central government announced at the start of the annual legislative conference last week it will issue U.S. \$29.42 billion (RMB 200 billion) in local government debt this year to bridge the shortfall in local government financing for stimulus investment. The debt will be issued by the Ministry of Finance on behalf of local governments and backed by a central government guarantee. (Source: ATO/Chengdu and local press, 03/09/09)

Guangdong Province Plans to Build New Large Scale Hog Farms: On March 11, local news reported that Guangdong Province plans to build 200 new large hog farms within three years in a move to control Clenbuterol contamination in pork meat. With 100 large hog farms already in operation in Guangdong Province each producing over 10,000 head per year, an additional 200 new farms will meet 60 to 70 percent of local hog market demand. By reducing the number of "backyard farms" or smaller producers, hog production and distribution will be traceable. These new hog farms can increase demand for U.S. purebred swine and feed ingredients such as soybean, soy meal, DDGS, fish meal, and corn. (Source: ATO/Guangzhou and local press, 03/11/09)